

Message Text

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PAGE 01 CARACA 02152 062106Z
ACTION ARA-14

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TAGS: ENRG EINV VE
SUBJ: OIL COMPANY PROBLEMS:
ENERGY MINISTRY ANNOUNCES ASSET DEDUCTIONS
REF: CARACAS 2056

BEGIN UNCLASSIFIED

1. THE WEEKEND PRESS REPORTED THAT THE MINISTRY OF ENERGY AND MINES ISSUED A SHORT PRESS RELEASE STATING IT WILL DEDUCT 577 MILLION BOLIVARES (\$134.8 MILLION) FROM THE GUARANTEE FUND REPRESENTING THE VALUE OF THE OBSOLETE OR DEFECTIVE ASSETS LEFT BY THE EX-CONCESSIONAIRES AT THE TIME OF THE NATIONALIZATION OF THE PETROLEUM INDUSTRY. AN UNOFFICIAL TRANSLATION OF THE RELEASE, AS QUOTED IN THE PRESS, IS AS FOLLOWS:

"IN AN ACT CELEBRATED YESTERDAY (MARCH 3) THE MINISTER OF ENERGY AND MINES, DR VALENTIN HERNANDEZ ACOSTA, DELIVERED TO THE HYDROCARBON EX-CONCESSIONNAIRE AND EX-PARTICIPANT COMPANIES COPIES OF THE RESOLUTION IN WICH IS FIXED THE SUM T BE DEDUCTED FROM THE GUARANTEE FUND, CONSTITUTED BY SAID COMPANIES IN THE CENTRAL BANK OF VENEZUELA, FOR THE AMOUNTS NECESSARY TO RESTORE THE PROPER FUNCTIONING OF THE ASSETS RECEIVED BY THE REPBLIC, OR THE ADQUISITION OF

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THE CORRESPONDING REPLACEMENT, IN CONFORMITY WIT THAT PROVIDED FOR IN ARTICLE 24 OF REGULATION NUMBER 1 OF THE ORGANIC LAW RESERVING TO THE STATE THE INDUSTRY AND COMMERCE OF HYDROCARBONS.

"IN EXECUTION OF THE ABOVE DECISION, THE CENTRAL BANK OF VENEZUELA WILL WITHDRAW FROM THE RESPECTIVE ACCOUNTS TH AMOUNT OF 577 MILLION BOLIVARES, TO BE DEPOSITED IN THE

NATIONAL TREASURY, FOR THE AFOREMENTIONED ITEMS.
"IN THIS MANNER THE MINISTRY OF ENERGY AND MINES COMPLETES
A PROCESS WHICH WAS BEGUN ON JAN 1, 1976, WITH THE
NATIONALIZATION OF THE PETROLEUM INDUSTRY AND COMPLIES WITH
THE MANDATE WHICH IT WAS ASSIGNED BY THE LAW" END UNCLASSIFIED

2. BEGIN LIMITED OFFICIAL USE. INITIAL PRESS COVERAGE OF
THE MINISTRY'S ANNOUNCEMENT HAS BEEN STRAIGHTFORWARD AND
LIGHT. THE ONLY COMMENT WE HAVE SEEN SO FAR NOTED THAT THE
TRANSFER OF 577 MILLION BOLIVARES TO THE NATIONAL TREASURY
WOULD BE PARTICULARLY WELCOME AT THIS TIME. A COMPANY BY
COMPANY BREAKDOWN OF THE CHARGES WILL BE REPORTED AS SOON
AS IT IS MADE AVAILABLE. THE PRESS REPORTS GAVE NO INDICA-
TION OF WHEN THE APPROX \$400 MILLION REMAINING IN
THE FUND WOULD BE RELEASED.
VAKY

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